

HOUSE BILL 2870
By DuBois

AN ACT to amend Tennessee Code Annotated, Title 20;
Title 29 and Title 67, relative to adjudicating
constitutional nexus issues relating to sales and
use tax.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 29, Chapter 14, Part 1, is amended by
adding the following as a new section:

29-14-114.

(a) Circuit courts shall have original jurisdiction over civil actions seeking
declaratory judgment where:

(1) The party seeking declaratory relief is a business that is
organized under the laws of Tennessee or a sole proprietorship owned by
a Tennessee domiciliary, or has qualified to do business in Tennessee;
and

(2) The responding party is a government official of another state,
or political subdivision of another state, who asserts that the business in
question is obliged to collect sales or use taxes for such state or political
subdivision based upon conduct of the business that occurs wholly or
partially within Tennessee.

(b) Any business meeting the requirements and facing the circumstances
described in subsection (a) shall be entitled to declaratory relief on the issue of
whether the requirement of another state, or political subdivision of another state,
that the business collect and remit sales or use taxes to that state, or political
subdivision, in the factual circumstances of the business' operations giving rise to

the demand, constitutes an undue burden on interstate commerce within the meaning of Article I, Section 8, Clause 3 of the United States Constitution.

SECTION 2. This act shall take effect July 1, 2006, the public welfare requiring it.